Brief in Support of Accompanying Petition for Certiorari

THE OPINION BELOW

No opinion was rendered by the District Court. The opinion of the United States Circuit Court of Appeals for the Ninth Circuit (by Garrecht, C.J.) is reported at 121 Fed. (2d) 752, and appears in the Transcript, pages 20 to 30.

THE JURISDICTION

The judgment, a review of which is sought, was rendered July 18, 1941. The authority of this Court is invoked under the provisions of the United States Code, Title 28, Section 347(a) and of Rule 38 of this Court.

The judicial discretion of this Court is invoked because of the general importance of the two questions presented by the present case. The interpretation of fundamental aspects of the provisions of the Federal Rules of Civil Procedure is of particular importance during the present formative stage of practice under those rules, and it is urged that such interpretation should be accepted as a responsibility of the court which promulgated them. The interpretation of Section 48 of the Judicial Code (U.S.C. Title 28, Section 109), because of its general importance in all patent litigation, has frequently been undertaken in cases where there was no conflict between decisions of cir-

cuit courts of appeals. *W. S. Tyler Co. v. Ludlow-Saylor Wire Company,* 236 U.S. 723; *Leman v. Krentler-Arnold Co.,* 284 U.S. 448; *General Electric Company v. Marvel Rare Metals Company,* 287 U.S. 430.

STATEMENT OF THE CASE AND SPECIFICATION OF ERRORS

The general facts are sufficiently stated in the Summary Statement of Matter Involved contained in the foregoing petition.

The errors relied upon as ground for review and reversal of the decision of the court below, are as follows:

1. The court below erred in holding that the defendants, by filing a motion for a more definite statement pursuant to Rule 12(e) of the Federal Rules of Civil Procedure, which motion sought no statement relevant to any question of venue, and by omitting to concurrently interpose a defense of improper venue, did not waive the right to assert the defense of improper venue in the answer.

2. The court below erred in holding that at the time of the commencement of the present action neither of the defendants had a regular and established place of business within the Northern District of California.

ARGUMENT

The interpretation of subdivision (h) of Rule 12 of the Federal Rules of Civil Procedure sought by this petition is regarded as of fundamental importance for the reason that the interpretation adopted by the Circuit Court of Appeals nullifies the primary object of the Rules by making possible delays prior to the trial at least as great as any possible under the obsoleted Federal Equity Rules. In order to demonstrate the fundamental character of the issue presented, it is necessary to point out the delays made possible by the interpretation adopted by the Circuit Court of Appeals and to compare the established practice under the old Federal Equity Rules.

With reference to subdivision (h), the opinion of the Circuit Court of Appeals says:

> "Evidently, the paragraph was intended to provide that any defense permitted to be made by motion at the option of the defendant, and which is not raised *either* by motion *or* by the answer, will be deemed to have been waived."

The language of the subdivision in question is, in part however, as follows:

> "A party waives all defenses and objections which he does not present either by motion as hereinbefore provided or, *if he has made no motion,* in his answer or reply, * * *." (Emphasis added.)

The decision of the Circuit Court of Appeals *admittedly reads out of the rule entirely* the clause "if he

has made no motion", for they responded to petitioners' insistence that this clause be given effect by saying:

> "To follow appellant's argument would require that subdivision (h) be given a narrow, rigid, and illiberal construction which frequently would result in injustice and which in this case would deprive defendants of a valuable right."

It is submitted that this invective characterization of the interpretation for which petitioners contend is wholly without justification, and that the interpretation adopted by the Circuit Court of Appeals in contravention of the clear language of the Rule suborns delay equalling any possible under the Federal Equity Rules.

Under the Federal Equity Rules, a challenge to venue required a "special appearance" prior to any motion or pleading constituting a general appearance. After decision of jurisdictional questions, motions were permitted prior to answer. Thus there were three necessary hearings; one on jurisdiction, one on other motions, and one on the merits.

The Federal Rules of Civil Procedure abolished special appearances, and permitted jurisdictional questions to be raised with other motions, or if no other motions were made, in the answer. The obvious purpose of this change was to speed proceedings by reducing the number of hearings to one, or at most, two. This purpose is evident from the mandatory provision of Rule 1 of the new Rules, that:

> "They shall be construed to secure the just, *speedy,* and inexpensive determination of every action."

Under the Circuit Court of Appeals' interpretation of subdivision (h) of Rule 12, however, this purpose is disregarded. A defendant may defer the necessity for a prompt answer by raising by motion any number less than all of the six defenses set forth in subdivision (b) of Rule 12. Then the defendant may raise in his answer any of these six defenses not made the subject of his motions, *and by an application for preliminary hearing under subdivision (d) of Rule 12 obtain a second hearing equivalent to a motion hearing,* before final hearing on the merits. Thus three hearings are possible, just as before the new Rules' adoption.

Under the interpretation of subdivision (h) of Rule 12 for which petitioners contend, this would not be possible. If any motion were heard, no basis for an application for preliminary hearing under subdivision (d) of Rule 12 would be possible, except for judgment on the pleadings in special cases. There would be two hearings in each case instead of three, thus following the clear purpose of the Rules to expedite the determination of every action.

Vigilance in restraining judicial interpretation abortive of the objects of the new Rules is essential if they are to attain those objects. In the present case, no power but this Court can act to preserve the Rules which it has laid down, and it is submitted that certiorari should be granted for this purpose.

The interpretation of Section 48 of the Judicial Code (U.S.C. Title 28, Section 109) also presents a question of general importance in all patent cases, which has not been, but should be, settled by this Court.

No decision of this Court has interpreted this statute in its application to a business of a wholly transient nature, in which there is no necessity for the maintenance of a *permanent* place of business in any locality. The case most nearly in point (*W. S. Tyler Co. v. Ludlow-Saylor Wire Co.*, 236 U.S. 723) differed essentially from the present case in that this Court found that no infringement of the patent in suit had been committed within the District where suit was brought. In the present case, on the contrary, it has been stipulated that the acts charged to constitute infringement have been committed within the District where suit was brought.

Petitioners respectfully urge that should the decision of the Circuit Court of Appeals stand unreversed in this case they will be denied any effective remedy against itinerant infringers of the character of respondents herein. The opinion of the Circuit Court of Appeals has noted petitioners' contentions on this point (Transcript; page 29, last paragraph), and has attempted an answer thereto.

That answer is, upon consideration of the undisputed facts, no answer at all. It is based upon respondents' admission that they have a "regular and established place of business" in another District, and petitioners had no notice of that fact until June 13, 1940;

the date of the Stipulation herein (Transcript; pages 5-9). Obviously, such an admission, after joinder of issue by the filing of an Answer on March 1, 1940 (Transcript; page 4) could not have guided petitioners in selecting the District in which to institute suit. And furthermore, it is obvious that petitioners *cannot rely upon this admission in instituting a suit in the District in which respondents admit having had a regular and established place of business on June 13, 1940; for all that the petitioners have to do to avoid the jurisdiction is to abandon that place of business before the institution of suit.* The "regular and established place of business" must exist at the time suit is filed to support jurisdiction. *Underwood Typewriter Co. v. Fox Typewriter Co., Ltd., et al.*, 158 Fed. 476, 483. Thus, if defendants move often enough, plaintiffs in patent cases are remediless; or so the court below, in effect, has held.

While, in the present case, the necessity for deciding this question is contingent upon decision of the first question adversely to petitioners, the second question clearly is not limited in its importance to parties interested in the subject matter of the patent in suit but is one of importance to all patentees whose inventions are capable of being employed by itinerants, and is submitted as worthy of final determination by this Court.

Respectfully submitted,

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